



U.S. Department of Justice

*United States Attorney
Eastern District of Virginia*

*Paul J. McNulty
United States Attorney*

*2100 Jamieson Avenue (703)299-3700
Alexandria, Virginia 22314 Fax: 703-549-5202*

NEWS RELEASE

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For further information contact
Jackie Lesch / Sam Dibbley
202-514-2008 / 703-842-4050

**OPERATOR OF MASSIVE FOR-PROFIT SOFTWARE PIRACY
WEBSITE PLEADS GUILTY**

Caused As Much As \$20 Million in Losses to Software Industry

WASHINGTON, D.C.—The owner of one of the largest for-profit software piracy websites to operate in the United States has pleaded guilty to operating a software piracy website, Assistant Attorney General Alice S. Fisher for the Justice Department's Criminal Division and U.S. Attorney Paul J. McNulty for the Eastern District of Virginia, announced today.

Nathan Peterson, 26, of Antelope Acres, California, pleaded guilty in Alexandria, Virginia before U.S. District Court Judge T.S. Ellis to two counts of criminal copyright infringement for selling pirated software over the Internet and through the mail. Peterson, who is scheduled to be sentenced on April 14, 2006, at 9 a.m., faces a maximum sentence of 10 years in prison and a \$500,000 fine.

Peterson admitted in his plea that beginning in 2003, and continuing until its shutdown by the Federal Bureau of Investigation (FBI) in February 2005, Peterson controlled the www.ibackups.net website, which sold copies of software products that were copyrighted by companies such as Adobe Systems, Inc., Macromedia Inc., Microsoft Corporation, Sonic Solutions, and Symantec Corporation at prices substantially below the suggested retail price. The software products purchased on Peterson's website were reproduced and distributed either by instantaneous computer download of an electronic copy and/or by shipment through the mail of a copy on compact disc. Peterson often included a serial number that allowed the purchaser to activate and use the product.

The investigation was conducted by agents of the FBI's Washington Field Office. After receiving complaints from copyright holders about Peterson's website, an undercover FBI agent made a number of purchases of business and utility software from the site that were delivered over the Internet and by mail to addresses in the Eastern District of Virginia.

Mr. McNulty stated: "One of the Department's highest priorities is to prosecute those who commit crimes on the Internet. The defendant's website was the largest for-profit software piracy site ever shut down by law enforcement. It clearly demonstrates our resolve to prosecute

thieves who sell other people's property on the Internet."

After the website was shut down in February 2005, further investigation established that, during the time of its operation, the website illegally sold more than \$5.4 million of copyrighted software. These sales resulted in losses to the owners of the underlying copyrighted products of nearly \$20 million.

Peterson admitted to using the proceeds of his illegal conduct to fund an extravagant lifestyle, including the purchases of multiple homes, cars, and a boat. The government seized numerous assets from Peterson including: a number of bank and trading accounts, a fully restored 1949 Mercury Coupe purchased originally for \$44,000, a 2005 Dodge Ram, a 2003 Chevrolet Corvette, a 2004 Toyota Camry, a 2005 Toyota Corolla, and a 2006 Mercedes-Benz S-Class purchased for \$125,000.

Jay V. Prabhu and Lily Chinn, trial attorneys for the Justice Department's Computer Crime and Intellectual Property Section, and Stephanie Bibighaus Hammerstrom, Assistant U.S. Attorney for the Eastern District of Virginia, prosecuted the case on behalf of the government.

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